

MINUTES OF
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Special Meeting of the Board of Directors

February 26, 2007

MEMBERS PRESENT: Mary-Titsworth-Chandler
Jacob Hall
Thomas O'Donnell
DeVonne Richburg-Pollard

OTHERS PRESENT:

Barbara A. Lawrence, Indpls. Bond Bank	Jim Merten, City Securities
Katie Aeschliman, Indpls. Bond Bank	Terry Leffew, Raymond James
Laurie Canatsey, Indianapolis Bond Bank	Curt Fritsch, CRF Financial Group
Monica Durrett, Indianapolis Bond Bank	George Buskirk, Hoosier Trust
Brad Hartz, Indianapolis Bond Bank	Tom Surgener, Chase
Jacqui Coe, Indianapolis Bond Bank	Hans Steck, Bingham McHale
Tom Guevara, Crowe Chizek	Bob Kocher, JP Morgan
Howard Stevenson, Coleman, Graham	Clayton Graham, Coleman Graham
Jeff Bennett, Summit Consulting	& Stevenson
Gabe Bender, Baker & Daniels	
& Stevenson	

A Special Meeting of the Indianapolis Local Public Improvement Bond Bank ("Bond Bank") convened at 12:00 p.m., Monday, February 26, 2007 at the City-County Building, 200 East Washington Street, Suite 224, Indianapolis, Indiana, pursuant to notice given in accordance with IC 5-14-1.5. Board Chair Mary Chandler called the meeting to order after determining that a quorum was present.

Ms. Chandler asked for a motion to approve the minutes from December 18, 2006. Mr. Jacob Hall made the motion to approve the minutes, seconded by Mr. Thomas O'Donnell. All then voted in favor and the motion passed.

The first order of business was the Bond Bank Quarterly Financial Update and Year-End Budget Update. Ms. Laurie Canatsey gave a brief update explaining that the Bond Bank revenues consist of Bond Bank fees, interest income and new issues. She stated that the Bond Bank's fees came under budget due to some of the larger issuances. She then stated that the Bond Bank is currently working with the Q.E.'s (Qualified Entities) to develop a fee scale that is more feasible. Chair Chandler asked in what way was the Bond Bank making it more feasible. Ms. Barbara Lawrence answered stating that the Bond Bank has two large issuers and rather than assess the fees on an ongoing basis, what the Bond Bank is trying to do is get their fee schedule more inline with the value of the service. Ms. Canatsey went on to explain the operating expenses, and noted that in the fourth quarter there was a line item for professional services that came in over budget due

to a payment from a prior year expense in the amount of \$225,000.00. She also said that there are several line items that came in over budget but were consistent with prior quarterly reports. Chair Chandler, asked about the professional service payment. Ms. Canatsey stated that it was on a previous contract from 2002. Ms. Lawrence explained that it was a payment to IDI (Indianapolis Downtown Inc) that had not been made and there was evidence from IDI that the payment was due. Mr. Jacob Hall asked about the community support and why it had increased. Ms. Canatsey stated that that was due to the Habitat for Humanity Project in the amount of \$35,000.00. There were no other questions.

The next order of business was the Consulting Contract for Neighborhood Development. Ms. Lawrence explained to the Board that the Bond Bank was presenting the consulting contract to retain Mr. Jeff Bennett, a former employee of the City in the Metropolitan Development agency, for Neighborhood Development Services. Ms. Lawrence explained the contract which would extend through December 31, 2007 at an hourly rate \$75.00 per hour not to exceed \$27,000.00. She then explained the services Mr. Bennett would perform and his background. She made mentioned that Mr. Bennett is currently the Warren Township Trustee.

Chair Chandler asked Mr. Bennett give the Board a brief description of his background. Mr. Bennett stated that he has served with the City of Indianapolis for six years and recently left to assume the elected position of Warren Township Trustee. He then stated that he had hoped to be able to continue to do some of the things he enjoyed with the Department of Metropolitan Development. He mentioned that his back ground prior to being an employee of the “City” was in neighborhood development in historic preservation and he also ran a real estate program for the organization. He then came to the “City” in 2001 and served as a Township Administrator and enjoyed making sure that City agencies that needed to communicate with one another were able to. Chair Chandler asked if anyone had a question. Ms. Devonne Richburg-Pollard asked Mr. Bennett if he worked on the Fallcreek Project for the City. He stated that he had and also on a housing TIF on the Southside of Indianapolis – Brokenburr on constructing housing units in that area. He also stated there are other neighborhoods in other areas that would like to do similar projects and he would be a liaison for those as well. Mr. Jacob Hall then asked a question regarding the contract document and why it was just Mr. Bennett’s signature. Mr. Bennett stated that he was the sole proprietor.

Chair Chandler asked for a motion to approve the agreement for consulting services. Ms. DeVonne Richburg-Pollard made the motion to approve, seconded by Mr. Jacob Hall. All voted in favor and the motion passed.

The next order of business was the Sanitary District Financing update. Ms. Katherine Aeschliman explained the financing stating that the issuance was for up to \$45 million in bonds for the Sanitary District and that the Bond Bank is doing that through an open market bond offering. She then stated that as a part of that transaction, the Bond Bank has asked S & P (Standard & Poor’s) to rate the bond issue as well as the Sanitary District on a stand alone basis. As a result, Standard & Poor’s gave the district an AA stable rating which the Bond Bank is pleased by this information. S&P is now going through the process of upgrading all of the Sanitary District’s outstanding debt which is in excess of \$300 million, primarily through the State Revolving Fund (SRF) loan

program. Ms. Aeschliman then stated that the Bond Bank priced the financing the prior week and were able to fully fund DPW (Dept. Of Public Works) project list by issuing the par amount of \$33.16 million dollars. The interest of the pricing is at 4.5% and the Bond Bank is pleased with that number. She informed the Board that over the last 16- 17 months the Bond Bank has secured over \$275 million worth of funding for the sanitary projects. The Bond Bank is set to close on the open market portion on March 6, 2007.

The next order of business was the 2007A Water Company Refunding update. Ms. Barbara Lawrence gave a brief update stating that the Bond Bank was in the process of issuing the bonds by the end of March 2007. She stated that although it was brought before the Board in November 2006 there were some things that needed to be clarified, however, everything remains the same with the exception that it will be more in the range of \$80 million in bonds versus the \$100 million; as stated in November for refunding bonds. The Bond Bank is looking at some callable and non-callable bonds as an option which is an unsubstantial change.

The next order of business is the update of the Glendale Mall project. Ms. Lawrence stated that the Bond Bank has been working on the role it would play in the project. She explained that the Bond Bank is moving forward working along with Kite Realty Group who made an initial request of \$10 million of City investment in the project; however, based on the analysis of what the TIF (Tax Increment Financing) could support and what the City felt was a prudent investment based on the overall cost of the project; the Bond Bank is looking at a financing at an amount not to exceed \$6.5 million. She then stated that Kite Realty Group has been talking to and working with Target© to get the store in the project. Ms. Lawrence stated that one of reasons she is bringing information to the Board at this time is that it will come before the Board for a final vote at the March 19, meeting. She stated that there has also been a significant amount of media interest in the project; both from the standpoint of who the tenants will be and who will not be considered.

She then mentioned that the City's investment will be used for site work to create the pad that Target© will be built upon; it will also help with infrastructure and utility type of work. She added that the Bond Bank is currently targeting the \$5.7 - \$5.8 million range for actual proceeds to the project. Mr. Tom O'Donnell commented that one of the things happening is that there is a tunnel under the mall and that is was the way they feed all of the materials into the stores and is one of the reasons it is so costly. Chair Chandler asked Mr. O'Donnell if he was happy with the discussions they've had with all involved. Mr. O'Donnell said it was moving in a good direction. Mr. O'Donnell and Ms. Lawrence went on to explain how the project would develop. Mr. Jacob Hall asked for visuals for the next meeting. Chair Chandler asked if Mr. Tom McGowen or John Kite could come to the next meeting and give the Board a summary of the project.

The next order of business was Union Station. Mr. Brad Hartz gave a brief summary of the completion of a \$2.3 million Capital Improvement project upgrade of the heating and cooling for Union Station. He stated that the facility is currently approximately 95% leased. Chair Chandler asked Mr. Hartz to give the quick summary on his background. Mr. Hartz stated that he managed a local engineering firm, Civil Environmental Consultants, headquartered in Pittsburg, PA. Chair Chandler stated that the Board was pleased to have him on board.

The next order of business was Ameriplex. Ms. Barbara Lawrence gave an update on this topic stating that the Bond Bank is looking at two refunding's which will generate some savings for the City. The bonds were originally issued in 2000 for the Ameriplex Project in an amount of \$11.2 million. The Bond Bank is looking for refunding of the outstanding bonds which are approximately \$9 million and it will generate approximately \$350,000.00 in savings. She then stated that the savings proceeds could be used either in the TIF district or as a reduction in debt service.

The other is a refunding of the 1998-A bonds which will be a forward refunding and it has been introduced before the City-County Council. It will generate up to \$2.3 – 2.7 million in savings between the Sanitary District, Flood Control, Metro Thoroughfare, and Parks. This is dependent upon the level of bonds they have outstanding, it will be prorated on those bases. The savings would be put back into capital projects for Department of Public Works and the Parks Department.

Ms. Aeschliman mentioned that the Bond Bank is working on an energy hedge for the City of Indianapolis to help provide the budget stability for their gas and diesel fuel budget. Mr. Hall asked about the about the Bill that changed the property taxes with regard to it effecting the bonds. Ms. Lawrence answered stating that there are two things that can impact bonds. It could be that with the “circuit breaker” and the debt service payments would be excluded from the 2%. The other issue the Bond Bank is currently working on with Legislature is for Pension Obligation Bonds. The Bond Bank is looking at a very large bond issue to help provide a long-term funding solution for the pre-1997 Pension Obligations and they need a few things to happen to help the Bond Bank do just that. One thing would be a 1/3 of 2% debt limit would help having that waived for the pension bonds and for them to possibly to go out 40-years.

Chair Chandler asked for a motion to adjourn. Mr. Thomas O'Donnell made the motion, seconded by Mr. Jacob Hall. All voted in favor and the motion passed.

Chair Chandler adjourned the meeting at 12:15p.m.